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ABSTRACT

This report tells what information is likely to be in a credit report; how it is collected, filed, and communicated; and how individual rights regarding credit are protected by law. Topics covered include: (1) information generally contained in a credit profile (identification, family status, public record information, credit accounts, and inquiries); (2) information not included due to law or due to the process of reporting credit; (3) a description of the credit reporting process including problems that can be caused by incomplete applications or incomplete information exchange systems; (4) types of reports supplied by credit bureaus (in-file reports and updated reports); (5) the rights of individuals under the Fair Credit Reporting Act of 1971 to see their credit reports and procedures to follow in order to see a report; and (6) actions to take if information in the report is disputed. Addresses and telephone numbers of California offices of federal and state agencies which handle problems with creditors and credit bureaus are included. The information in this report is current at the time of printing, January 1983, but is subject to change. (DC)

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# What's in Your Credit Report?

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The CIRcular™
Consumer Information Report 22

# What's in Your Credit Report?

Your credit history is usually an important factor in your application for credit. This report tells what information is likely to be in your credit report; how it's collected, filed, and communicated; and how your rights are protected by law.

When you apply for credit, whether it's a bank loan or a department store charge account, the creditor usually will want to see your credit history report before deciding on your application. The report tells in a general way how you've managed credit in the past, which gives your prospective creditor a good idea of how you'll manage the credit you're seeking.

**YOUR CREDIT PROFILE** In general, your credit report can contain the following kinds of information.

**Identification** The report will give your name, your date of birth, your Social Security number, your current (and, in some cases, your previous) address, and the date your file was opened at the credit bureau that's issuing the report.

**Family Status** If you're married, the report may include your spouse's name. Also, if you have dependents, it may list them.

**Public Record Information** The report will note, within certain limits, court judgments, lawsuits, and tax liens against you, and any bankruptcies. It may also note your divorce or the death of your spouse.

**Credit Accounts** Information in this category can include: the credit accounts (loans, charge accounts, etc.) you now have or recently had; whether they're joint or individual accounts; how long you've had each account; the credit limit or the amount of credit granted; how much you still owe; whether you made payments on time; recent past-due payments; and accounts sent to a collection agency.

**Inquiries** Your credit report will also include a record of any inquiries the credit bureau has received—usually within the past year—for credit information about you.

**WHAT'S NOT INCLUDED** The aim of a credit report is to describe your credit history as completely as possible. But the credit reporting process operates under restrictions—some imposed by law, some by the process itself—that exclude certain kinds of information from your report.

For instance, federal law regulates how

long negative information, such as an account sent to a collection agency, may be included in your credit report. Usually, it's no more than seven years, or ten years for bankruptcies. The time limits don't apply, however, if your credit report is for the purpose of evaluating your application for credit of $50,000 or more, life insurance coverage of $50,000 or more, or employment paying $20,000 or more a year.

Your credit report will not recommend whether or not you should receive credit. The report provides objective, verifiable information; it doesn't evaluate your creditworthiness. Creditors do that independently, according to their own standards for granting credit.

Nor will your credit report contain information about your reputation, character, or lifestyle. A report that does is called an investigative report and usually is made for insurance purposes or for prospective employers.

Besides excluding certain kinds of information, your credit report may omit portions of your credit history. Often, such omissions occur because of the way the credit reporting process works.

**THE CREDIT REPORTING PROCESS** The credit reporting process begins with you: The first time you apply for credit, the information that you supply on your application is likely to be used to initiate a file on you at one or more credit bureaus. Most creditors use the services of at least one bureau, obtaining information on credit applicants and providing information on credit customers.

Creditors who subscribe to a credit bureau's services include banks and other financial institutions, retailers, mortgage lenders, and oil companies. Additional subscribers may include other credit bureaus, insurance companies, collection agencies, employers, and professional organizations such as medical and dental groups.

While much of the information in a credit bureau's files comes from reports submitted by subscribers, a bureau does have other channels available for increasing its information base. For example, members of the Associated Credit Bureaus, Inc., may subscribe to a service that provides information on individuals' credit accounts with large national and regional creditors. And when the need arises, a bureau can request a complete report on a individual from another credit bureau. That happens primarily when a person who's new in the community applies for credit; the local bureau has no file on the person, and so has to send for a report from the bureau in the area where the person used to live.

The exchange system doesn't make a credit bureau all-knowing, however, and a creditor to whom you've applied may not be able to get enough information on you from a bureau to satisfy evaluation needs. There are two possible reasons for that.

**Incomplete Application** To locate your file, a credit bureau needs the kind of identifying information discussed earlier—your full name, address, date of birth, Social Security number, and so on. If you omit important information on your credit application (such as your previous address out of state or another name under which you've had credit), the credit bureau may not be able to locate your files at other bureaus.

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That could be a disadvantage because a creditor might reject your application on the basis of an insufficient credit history. So be sure to supply all information a creditor asks for on the application.

If you are or were a married woman, part of your credit history prior to June 1, 1977 may be on file in your husband's name only—particularly those accounts you shared with your husband or were authorized to use under his name. If you want those accounts included in your own credit history, request the creditors to do so when they report those accounts to credit bureaus. (Joint accounts opened on or after June 1, 1977 are automatically reported in both names.)

**Incomplete System** Some small bureaus serve only creditors and other subscribers in a single community or county. Other bureaus serve larger areas. So, if you've dealt with a creditor who subscribes to one of these local or regional bureaus, it's possible that your credit history for that account won't automatically be available to a creditor outside that area. Also, an area is often served by more than one bureau. So, your creditors may report to different bureaus, none of which has a complete record of your accounts.

You can help to prevent any gaps in the information flow by telling your prospective creditor about your previous credit accounts: the names of past creditors, approximate opening and closing dates on the accounts, and your name and address during those times.

**TYPES OF REPORTS** Depending on a creditor's request, a credit bureau supplies either an in-file report or an updated report.

An in-file report contains information on file at the bureau at the time of the creditor's request. How current and complete the report's information is depends on how regularly your other creditors report to the bureau. Generally, they submit reports on a monthly or quarterly basis. Once the bureau receives the reports, it usually takes three to four weeks for the information to be processed and included in the files. Therefore, data in your in-file report may be two or more months old at the time the report is issued.

When you apply for a large or long-term extension of credit, such as a real estate loan, or if you have a limited credit history, a creditor may request an updated report. To prepare it, the credit bureau usually contacts your creditors to check the present status of your accounts and contacts your employer to verify your employment and income.

If your application for credit lists any credit accounts not included in your in-file report, your prospective creditor or the credit bureau may want to verify them. If any information such as an account number or address needs to be verified, the credit bureau might also contact you directly.

**SEE FOR YOURSELF** The Fair Credit Reporting Act of 1971 protects your right of access to the information about you in credit bureaus' files. If you want to know what's in your files, the first step is to determine which bureaus have files on you.

You can probably do that by contacting your various creditors—a loan officer at the branch where you have a loan, the credit department of the merchant who's given you a charge account, your doctor's bookkeeper or billing service—and asking the name of the credit bureau each one reports to. Or, you could look in the Yellow Pages of the telephone directory under "Credit Reporting Agencies" for a list of the bureaus in your area.

Ask each bureau what procedures you should follow to obtain the information you want. California law requires the credit bureau to show you your file and, at your request, provide a written version of the file. You can ask to have the credit information sent to your home, explained to you over the telephone by one of the bureau's consumer counselors, or explained to you in a personal interview with a counselor at the bureau's offices.

A credit bureau can charge you a small fee to see your file, generally $5 to $8, unless you have been denied credit or insurance or have had your insurance rates raised because of information in your credit report. In most cases, you also can't be charged if you've been refused a job because of a credit check. Under any of these circumstances, you can review the report if you write or visit the credit bureau within 30 days of being notified by the creditor, insurance company, or employer.

If you write to the bureau for your report, you should include your complete name, all addresses for the past five years (including ZIP codes), your Social Security number, and your signature. Bureaus store information in coded form; when you receive your report, it may be in code too. If so, the bureau will include an explanation.

To get a personal interview at the bureau, you may have to make an appointment. When you visit, you'll be asked for proper identification such as your driver's license, and you'll have to fill out a form with your name, your addresses for the past five years, and your Social Security number. The bureau's consumer counselor will explain your file report and the coding system.

**IF YOU DISAGREE** If you dispute any information in your credit report, tell the bureau. The bureau usually will investigate the matter, a process that can take up to two weeks. If the information is inaccurate, the bureau will correct it. If it can't be verified, the bureau must remove it from your file. However, if the bureau says the item is correct and you still disagree, you can file a statement of 100 words or less telling your side of the story. You might, for instance, want to explain that you were late in making a payment because of emergency medical expenses.

When information in your file is found to be inaccurate, you can ask the bureau to send a corrected report to anyone who received the report within the past six months—or, if the report was used for employment purposes, within the past two years.

**WHEN YOU HAVE A PROBLEM** If you have a problem concerning a credit bureau, you can contact the Federal Trade Commission, which is responsible for enforcing the Fair Credit Reporting Act. The commission's offices in California are:

**Los Angeles** 11000 Wilshire Boulevard, #13209, Los Angeles, CA 90024. Telephone (213) 209-7575.

**San Francisco** 450 Golden Gate Avenue, #12470, San Francisco, CA 94102. Telephone (415) 556-1270.

For help in dealing with a creditor on a credit reporting matter, contact the Consumer Services Division of the California Department of Consumer Affairs. The division can refer you to the proper legal agency. The division's offices are:

**Los Angeles** 107 South Broadway, #8020, Los Angeles, CA 90012. Telephone (213) 620-4360.

**San Francisco** 455 Golden Gate Avenue, #2191, San Francisco, CA 94102. Telephone (415) 557-0966.

**Sacramento** P.O. Box 310, Sacramento, CA 95802. Telephone (916) 445-0660.

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